



An Overview of K-12 Funding

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Office of Program Research

January 21, 2021
House Appropriations



Today's Presentation

House
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- ▶ State and other funding for K-12 public schools:
 - The prototypical school formula
 - Compensation
 - Categorical programs (e.g. special education)
 - Federal funding
 - Office of the Superintendent of Public Instruction (OSPI) statewide, grant and pilot programs
 - Local levies & Local Effort Assistance
 - COVID-19 Impacts on K-12



McCleary v. State

2007 - 2018

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FILED
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 WASHINGTON STATE
 SUPREME COURT

THE SUPREME COURT OF WASHINGTON

MATHEW and STEPHANIE McCLEARY, on their own behalf and on behalf of KELSEY and CARTER McCLEARY, their two children in Washington's public schools; ROBERT and PATTY VENEMA, on their own behalf and on behalf of HALIE and ROBBIE VENEMA, their two children in Washington's public schools; and NETWORK FOR EXCELLENCE IN WASHINGTON SCHOOLS ("NEWS"), a statewide coalition of community groups, public school districts, and education organizations,

Respondents/Cross-Appellants,

v.

STATE OF WASHINGTON,


Appellant/Cross-Respondent.

MANDATE


No. 84362-7

King County No.
07-2-02323-2 SEA

Page 2
No. 84362-7
MANDATE



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of this Court at Olympia, Washington, this 1st day of August, 2018.


 SUSAN L. CARLSON
 Clerk of the Supreme Court
 State of Washington

cc: Clerk, King County Superior Court
 Sarah A. Dunne
 Nancy Lynn Talner
 Cynthia B. Jones
 Katherine George
 Lester Porter Jr.
 Kathleen J. Haggard
 Grant David Wiens
 Paul J. Lawrence
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 Jamie L. Lisagor
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 Adrian Urquhart Winder
 Andrew Ryan Stokesbary
 Reporter of Decisions

THE STATE OF WASHINGTON TO: The Superior Court of the State of Washington in and for King County

On January 5, 2012, the Supreme Court of the State of Washington filed an opinion retaining jurisdiction of this case and calling for further briefing by the parties. On June 7, 2018, the Supreme Court entered an order terminating retention of jurisdiction. Therefore, this case is now final.

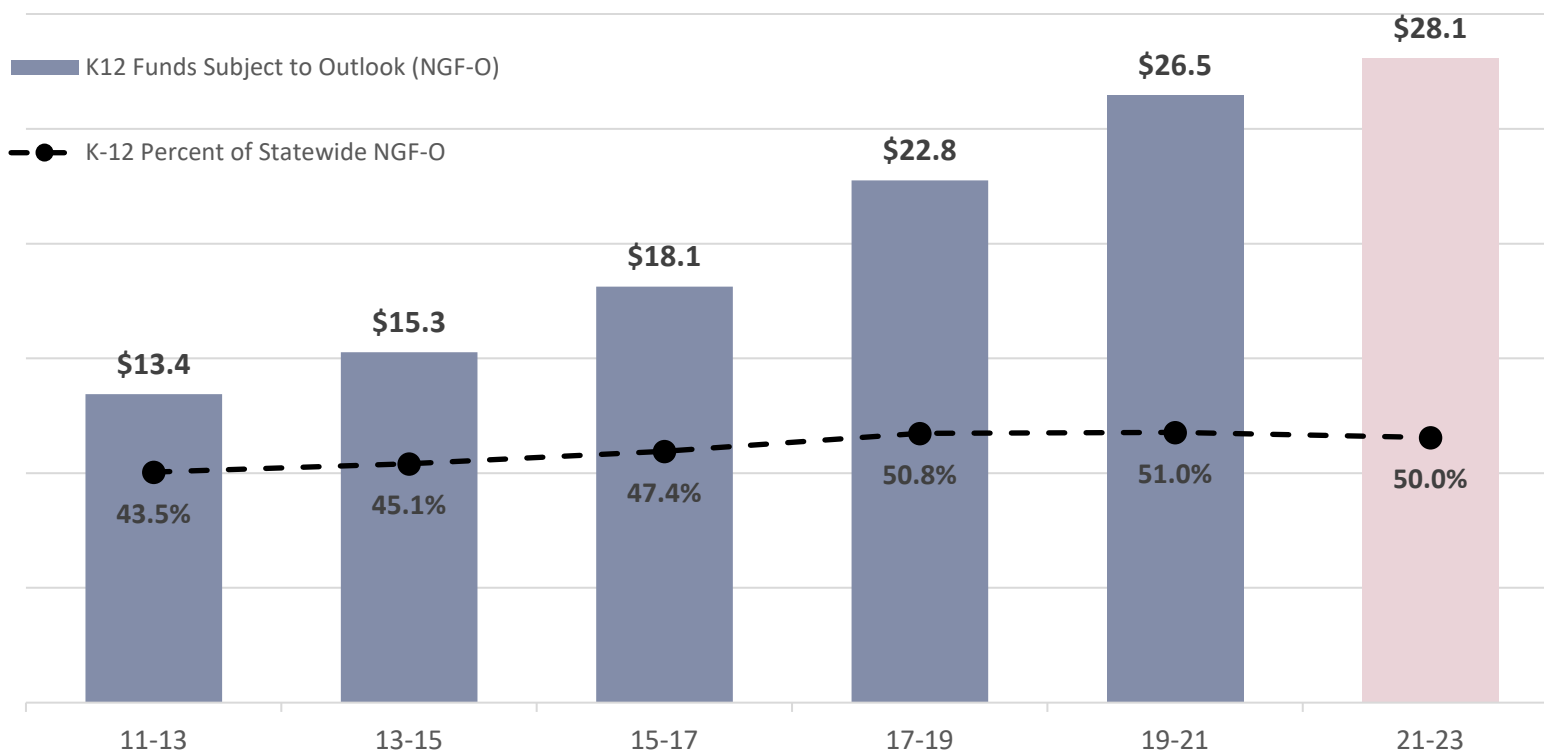


The 2019-21 state K-12 operating budget is \$26.5 billion. Funding to nearly double from 11-13 to 19-21.

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Biennial State Funding for K-12 Public Schools

Dollars in Billions and as a Percent of NGF-O (fiscal year)



In this display, NGF-O includes General Fund-State, Education Legacy, Opportunity Pathways, Dedicated McCleary Penalty in FY19, and the Workforce Education Investment Account (WEIA). Data through FY20 are actual expenditures; data for 19-21 include FY21 and 21-23 Outlook projections based on the maintenance level assumed in the Governor's Proposed 2021 budgets.



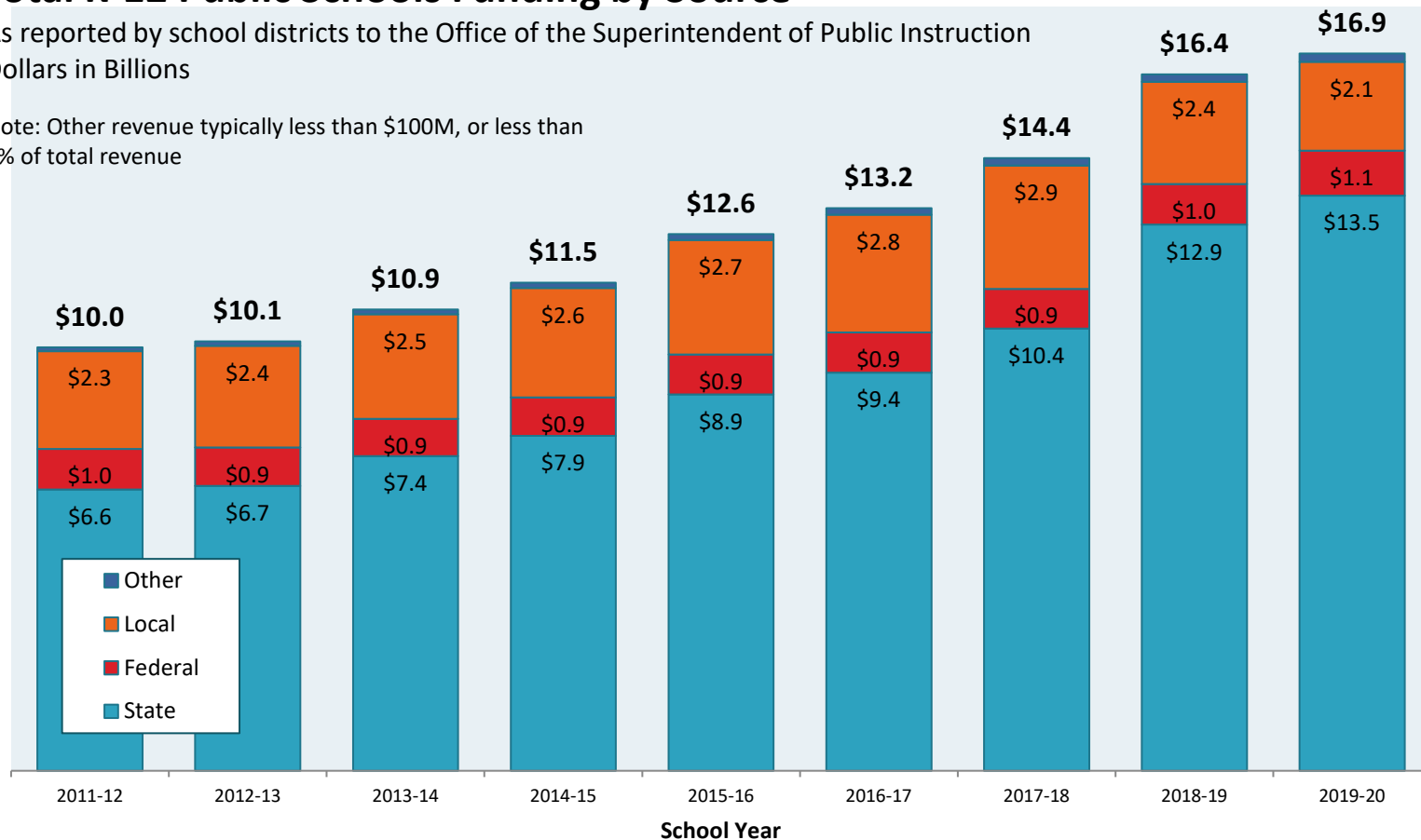
K-12 is funded from multiple sources, with the state providing most funding.

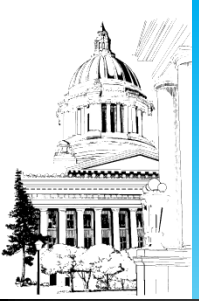
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Total K-12 Public Schools Funding by Source

As reported by school districts to the Office of the Superintendent of Public Instruction
Dollars in Billions

Note: Other revenue typically less than \$100M, or less than 1% of total revenue





Total school district expenditures were \$16.5 billion in 2019-20.

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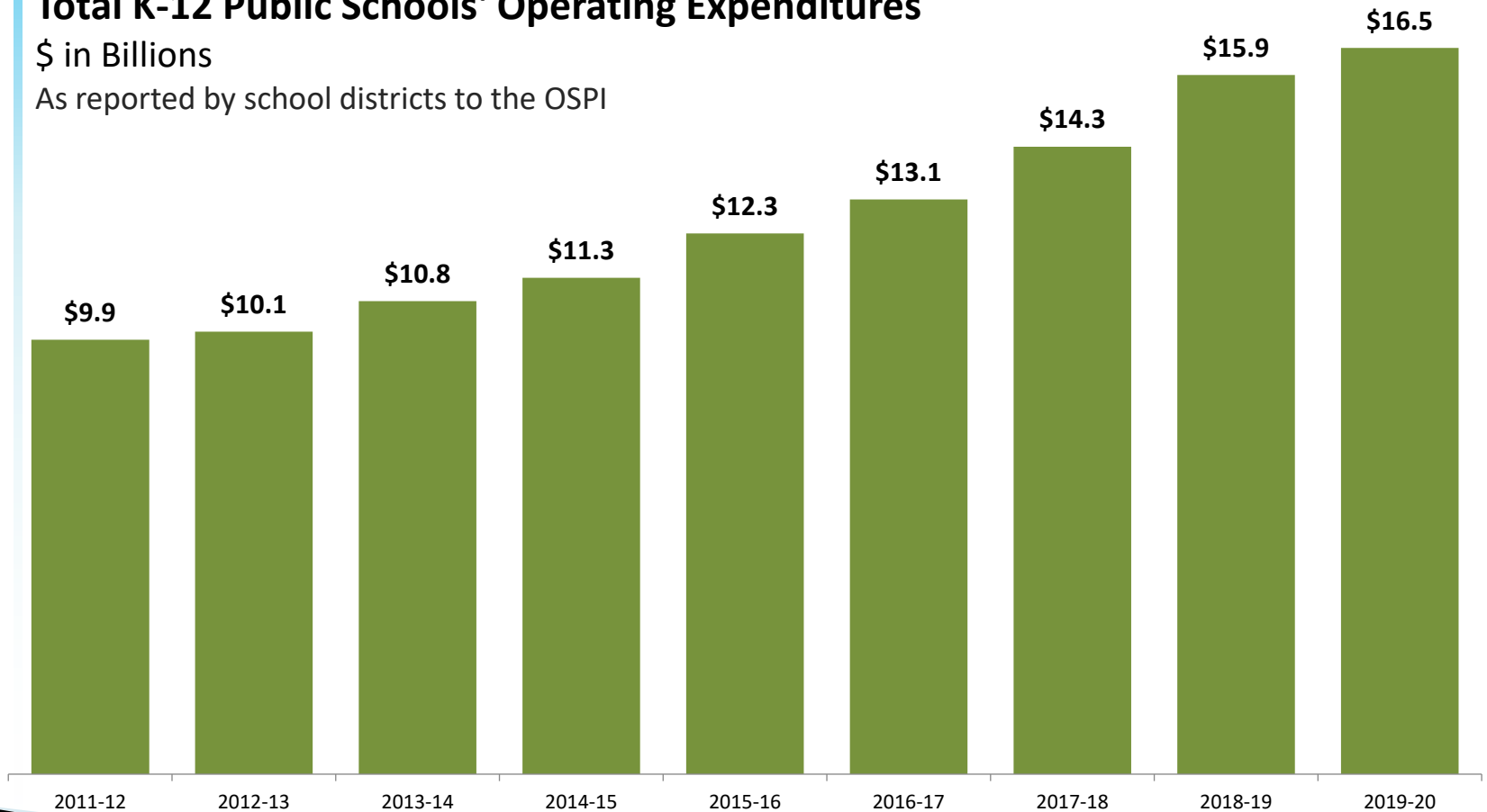
Billions

Total K-12 Public Schools' Operating Expenditures

\$ in Billions

As reported by school districts to the OSPI

Total Operating Expenditures



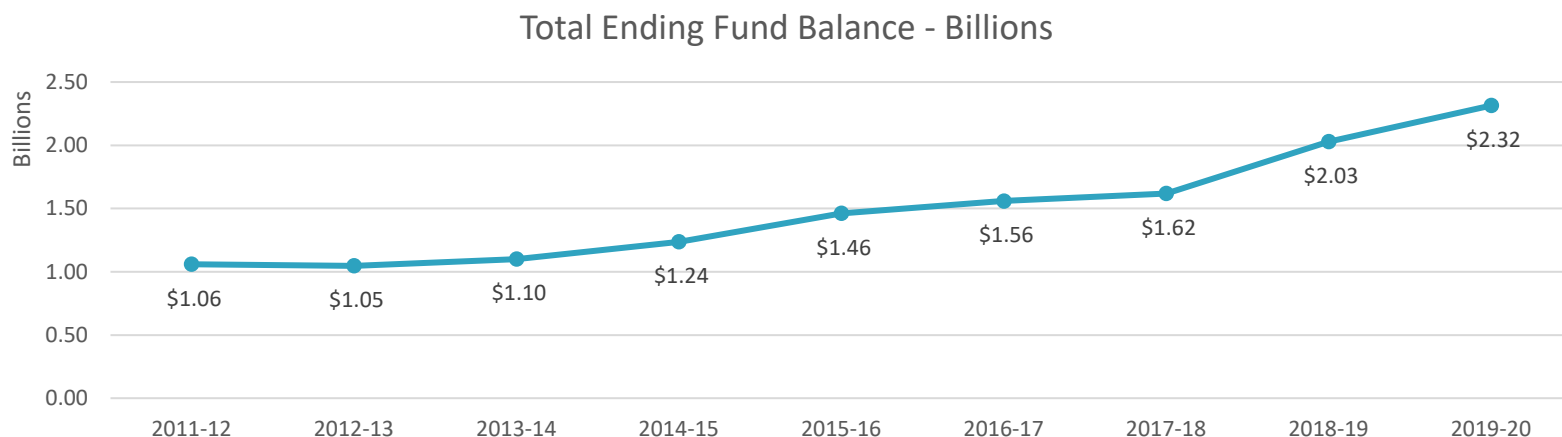


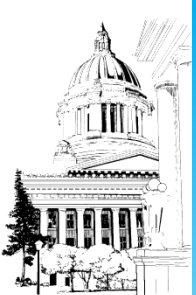
Some unspent amounts in a school year may carry over into districts' fund balances.

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General Fund – Ending Fund Balances in Districts (Millions)

Fund Balance Type		2018-19	2019-20
Nonspendable Fund Balance—Inventory & Prepaid Items		\$ 76.2	\$ 78.8
Restricted		\$ 169.1	\$ 158.0
Unrestricted by State and Federal Law	Committed	\$ 93.1	\$ 101.3
	Assigned	\$ 485.3	\$ 524.9
	Unassigned	\$ 1,205.3	\$ 1,452.0
Unrestricted by State and Federal Law Total		\$ 1,783.8	\$ 2,078.2
Grand Total		\$ 2,029.1	\$ 2,315.0





How does the state prototypical school formula actually work?

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- ▶ State obligation and local control.
- ▶ In general, state funding generated by formulas is *for allocation purposes only*.
 - Categorical funding may be spent only for categorical purposes.
 - Salary restrictions.
 - Class size accountability.
- ▶ Districts have flexibility in how they deploy state resources.
- ▶ Variations in actual staffing and expenditure choices are not only permitted but intended.
- ▶ Formulas are enrollment-driven (full-time equivalents).
- ▶ Charter schools funding also allocated by formula, using lottery revenues.

Simplified examples of local decisions about state general apportionment allocations*

District A



20 classroom teachers

District B



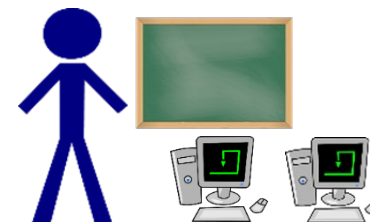
18 classroom teachers
1 gym teacher
1 art teacher

District C



18 classroom teachers
1 full-time librarian
1 full-time nurse

District D



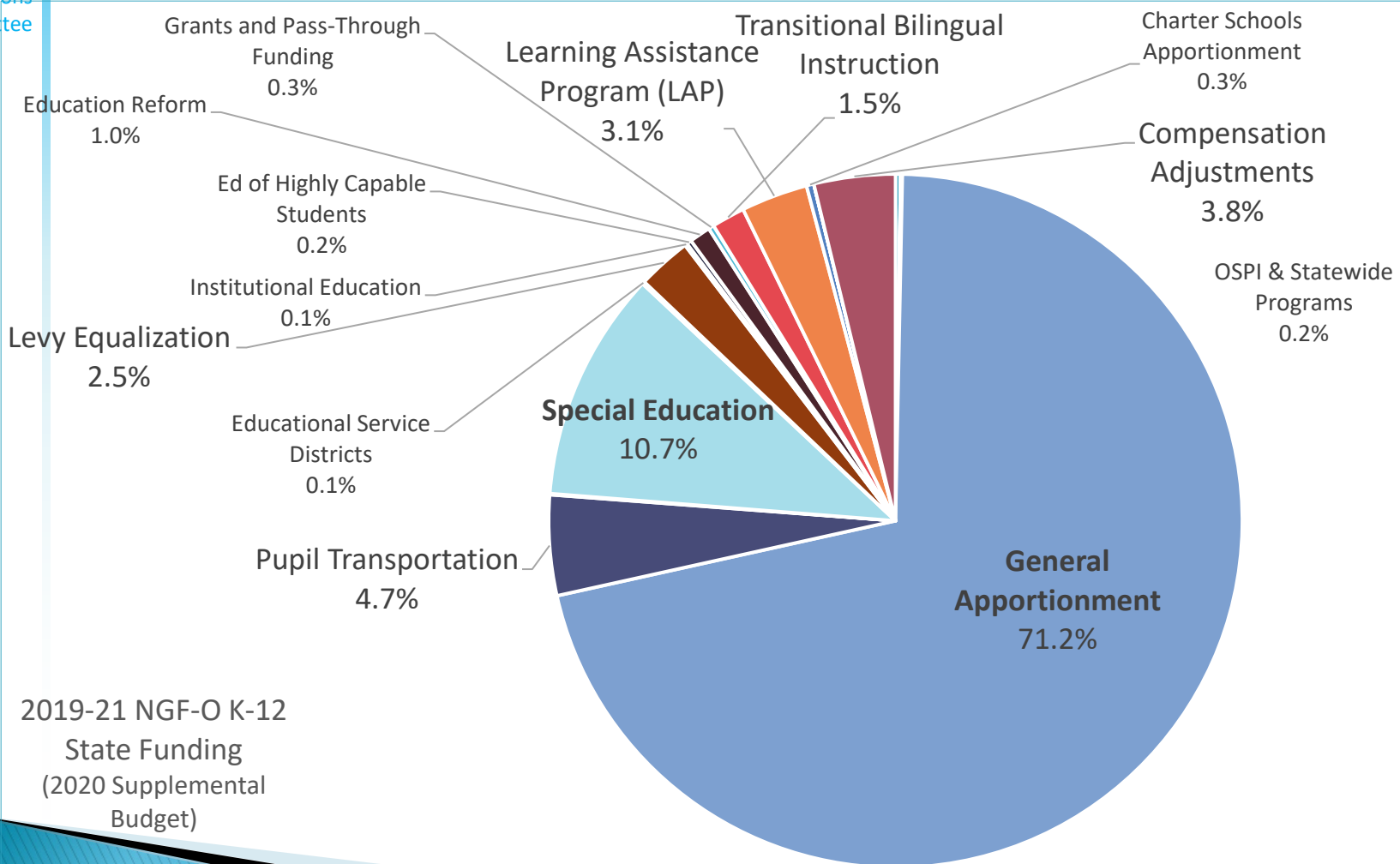
18 classroom teachers
Additional computers

*Rounded for illustration to assume 400-student prototypical elementary school generates 20 state-funded teachers



General apportionment accounts for over 70% of state K-12 funding.

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2019-21 NGF-O K-12
State Funding
(2020 Supplemental
Budget)



Prototypical School: SY 2020-21

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<u>Elementary School</u>		<u>Middle School</u>		<u>High School</u>	
400 FTE students		432 FTE students		600 FTE students	
Class size in grades K-3 (K-3 expressed as an average)	17.0	Class size in grades 7-8	28.5	Class size in grades 9-12*	28.7
Class size in grades 4-6	27.0			Lab Science Class Size	19.8
Librarians	0.66	Librarians	0.52	Librarians	0.52
Guidance Counselors	0.49	Guidance Counselors	1.22	Guidance Counselors	2.54
Parent Involv Coordinators	0.0825				
Health/Social Services (Nurses/Social Workers)	0.14	Health/Social Services (Nurses/Social Workers)	0.07	Health/Social Services (Nurses/Social Workers)	0.12
Administrative Staff (Principals/Vice Principals)	1.25	Administrative Staff (Principals/Vice Principals)	1.35	Administrative Staff (Principals/Vice Principals)	1.88
Non-Instructional Classified Staff (Office Aides, Custodians, Security Guards, etc.)	3.75	Non-Instructional Classified Staff (Office Aides, Custodians, Security Guards, etc.)	4.36	Non-Instructional Classified Staff (Office Aides, Custodians, Security Guards, etc.)	6.37
Instructional Aides (Non-certified Classroom Aides)	0.93	Instructional Aides (Non-certified Classroom Aides)	0.70	Instructional Aides (Non-certified Classroom Aides)	0.65

*Smaller class sizes are funded by the state for the Vocational & Skills Centers.
Staff ratios are expressed as an FTE per prototypical school.



Prototypical School: SY 2020-21

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Additional Time

(Additional hours of supplemental instruction per week)

Materials, Supplies & Operating Costs (MSOC)

Additional Support

(BEA Funding Enhancement)

Learning Assistance Program (LAP)	2.40 hrs	Technology	\$138.08	Special Education	Additional 99.5% or 100.75% of Basic Ed. Rate
LAP High Poverty	1.10 hrs	Utilities & Insurance	\$375.20	<u>Central Office & Other Support</u>	
Transitional Bilingual (TBIP) K-6	4.78 hrs	Curriculum & Textbooks	\$149.26	Central Office (% of school staff units)	5.3%
TBIP 7-12	6.78 hrs	Other Supplies &	\$293.62	<u>District Wide Support</u>	
TBIP Exited Student	3.00 hrs	Library Materials	\$21.12	<i>(Per 1,000 Students)</i>	
Highly Capable	2.16 hrs	Professional Development	\$22.93	Technology Support Staff	0.63
		Facilities Maintenance	\$185.87	Facilities, Maintenance & Grounds	1.81
<u>Additional MSOC Grades 9-12</u>	\$180.48	Security & Central Office	\$128.77	Warehouse, Laborers, & Mechanics	0.33

School Year Total: \$1,313.85



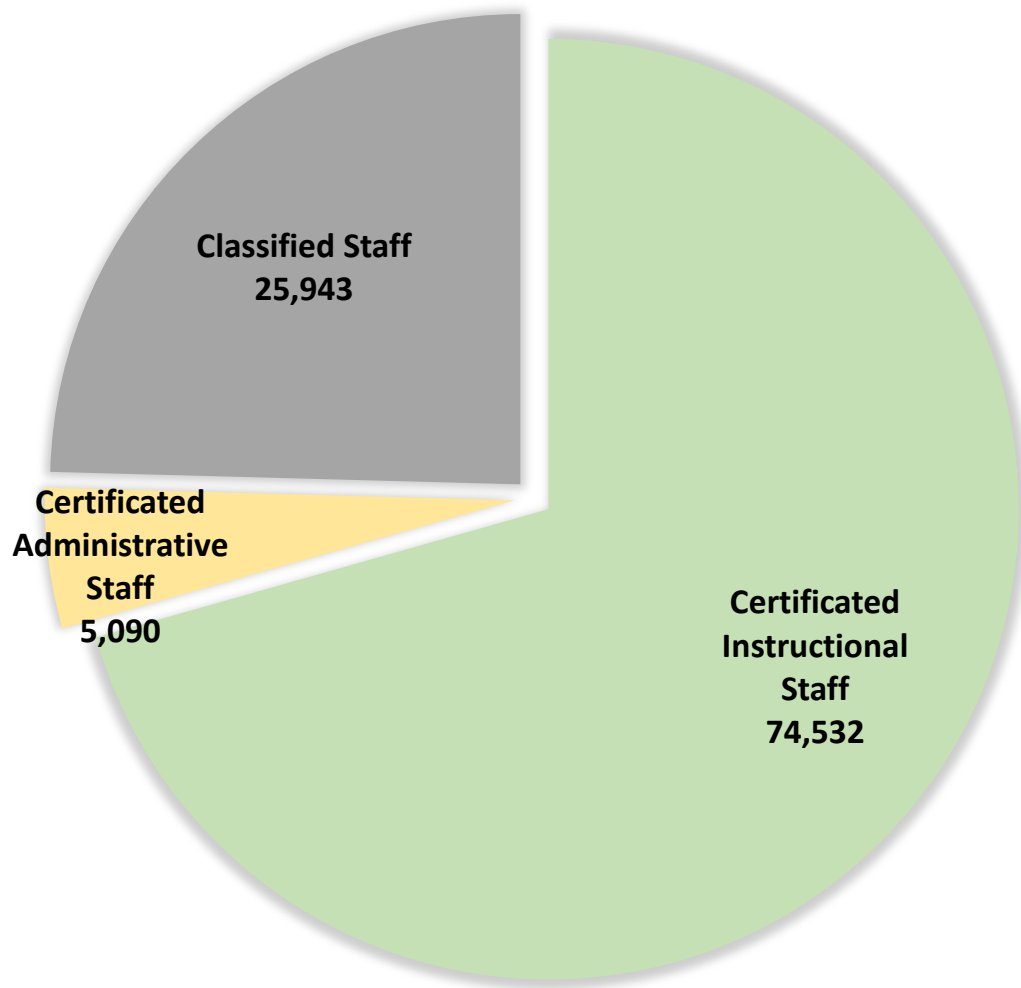
State funding for compensation is provided for three broad staff categories.

- ▶ **Certificated Instructional Staff (CIS) include:**
 - Teachers, guidance counselors, school nurses, school social workers, librarians, and school psychologists.
- ▶ **Certificated Administrative Staff (CAS) include:**
 - Principals, assistant principals, and central administrative certificated staff.
- ▶ **Classified Staff (CLS) include:**
 - Facilities and maintenance staff, warehouse workers, laborers, mechanics, central administration, and information technology staff.



The state provided funding for an estimated 105,600 K-12 staff through the prototypical school funding formula in school year 2019-20.

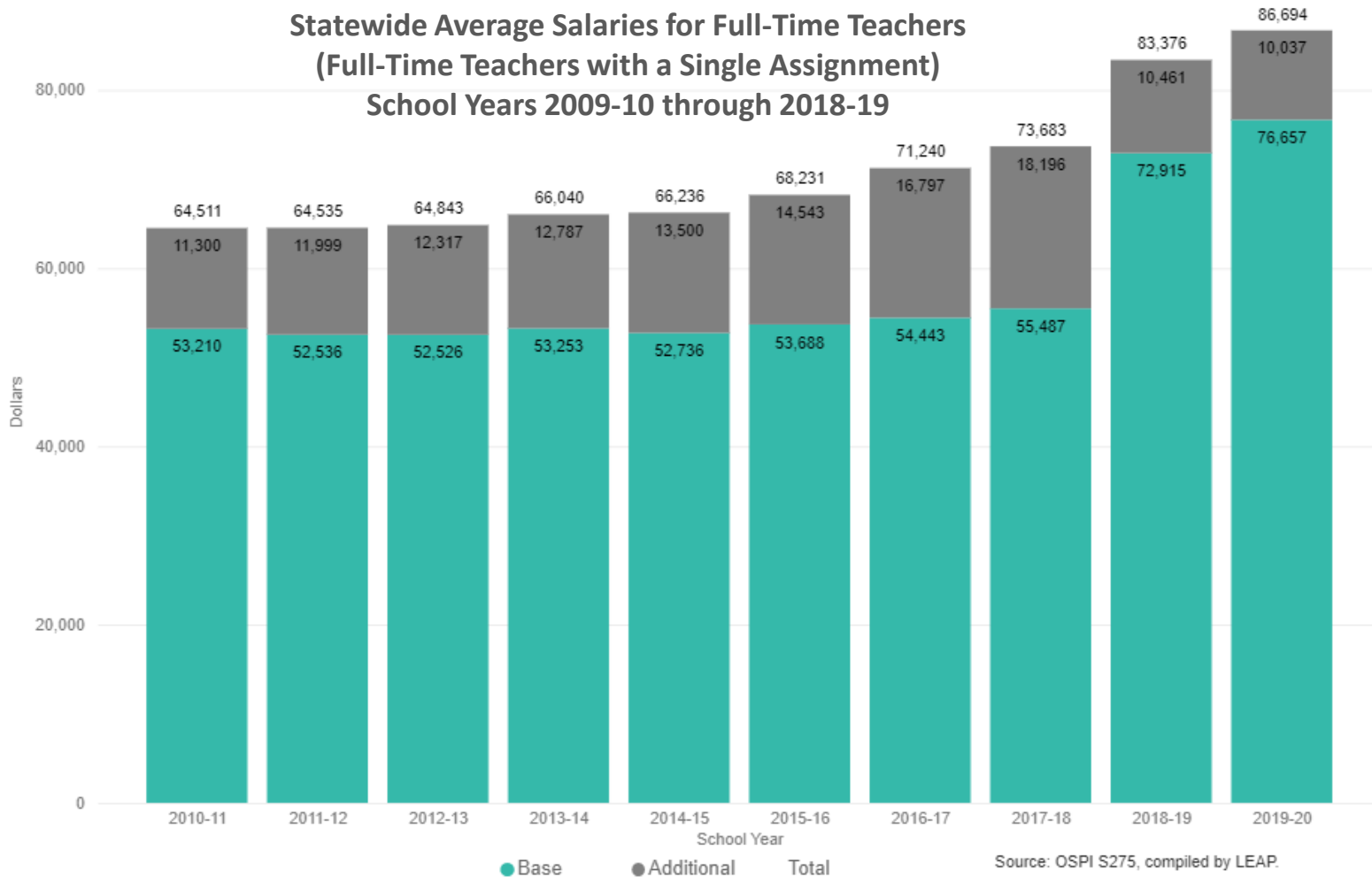
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Average salaries for full-time teachers were \$86,694 in SY 2019-20

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<http://fiscal.wa.gov/K12AvgSalaries.aspx>

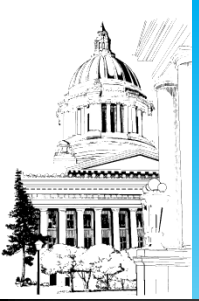


2020-21 Salary Allocations

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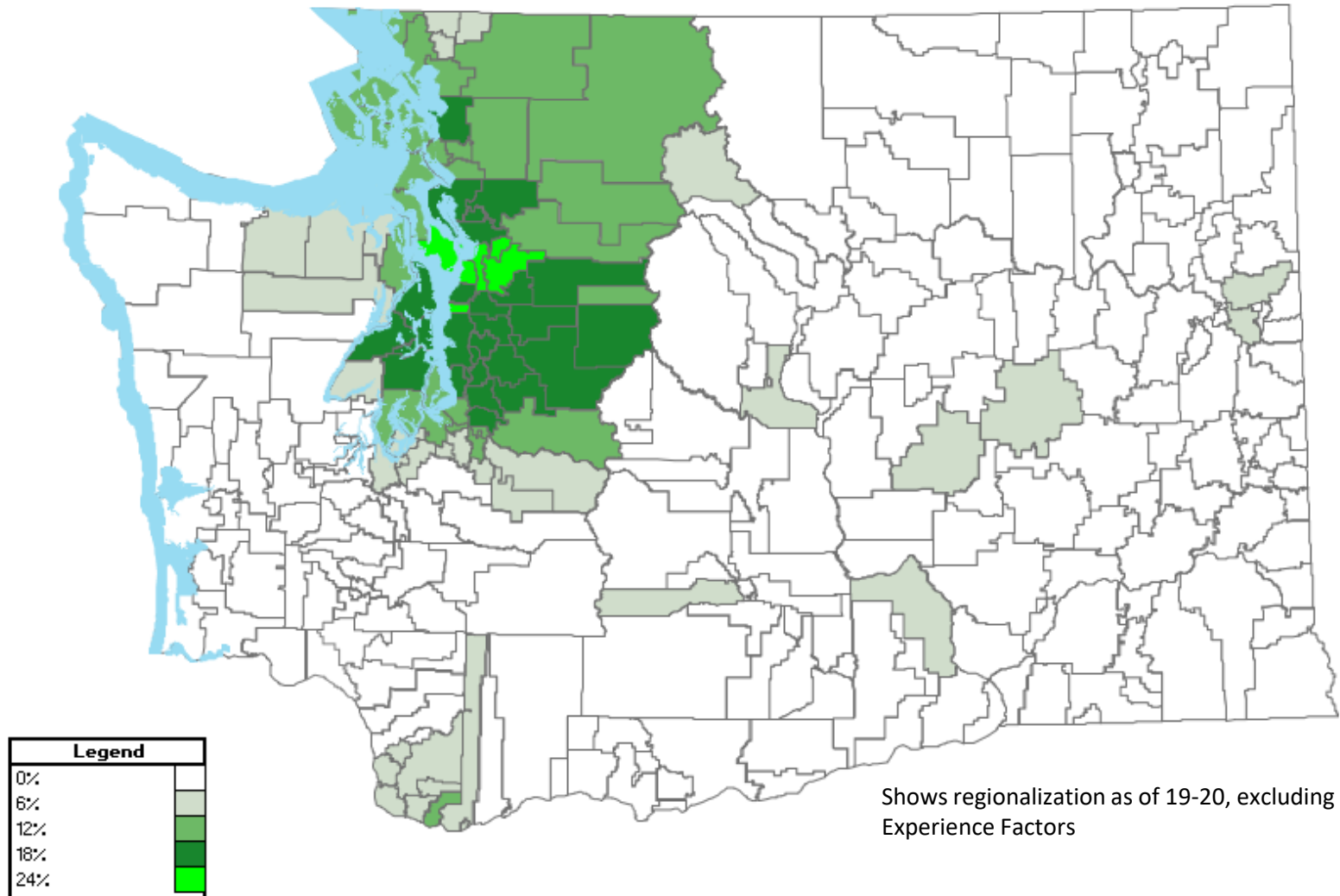
Minimum Salary Allocations.

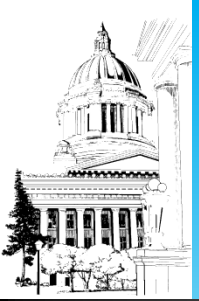
- CIS - \$67,585
- CLS - \$48,483
- CAS - \$100,321
- ▶ Salary Allocations Adjusted by Regionalization.
 - CIS - \$74,315 estimated statewide average
 - CLS - \$52,941 estimated statewide average
 - CAS - \$109,463 estimated statewide average
- ▶ Inflation based on Implicit Price Deflator.
- ▶ Funding for 3 Professional Learning Days for CIS.
- ▶ Salaries are approximately 55% of state K-12 budget.



Salaries regionalized based on median home values in and near districts.

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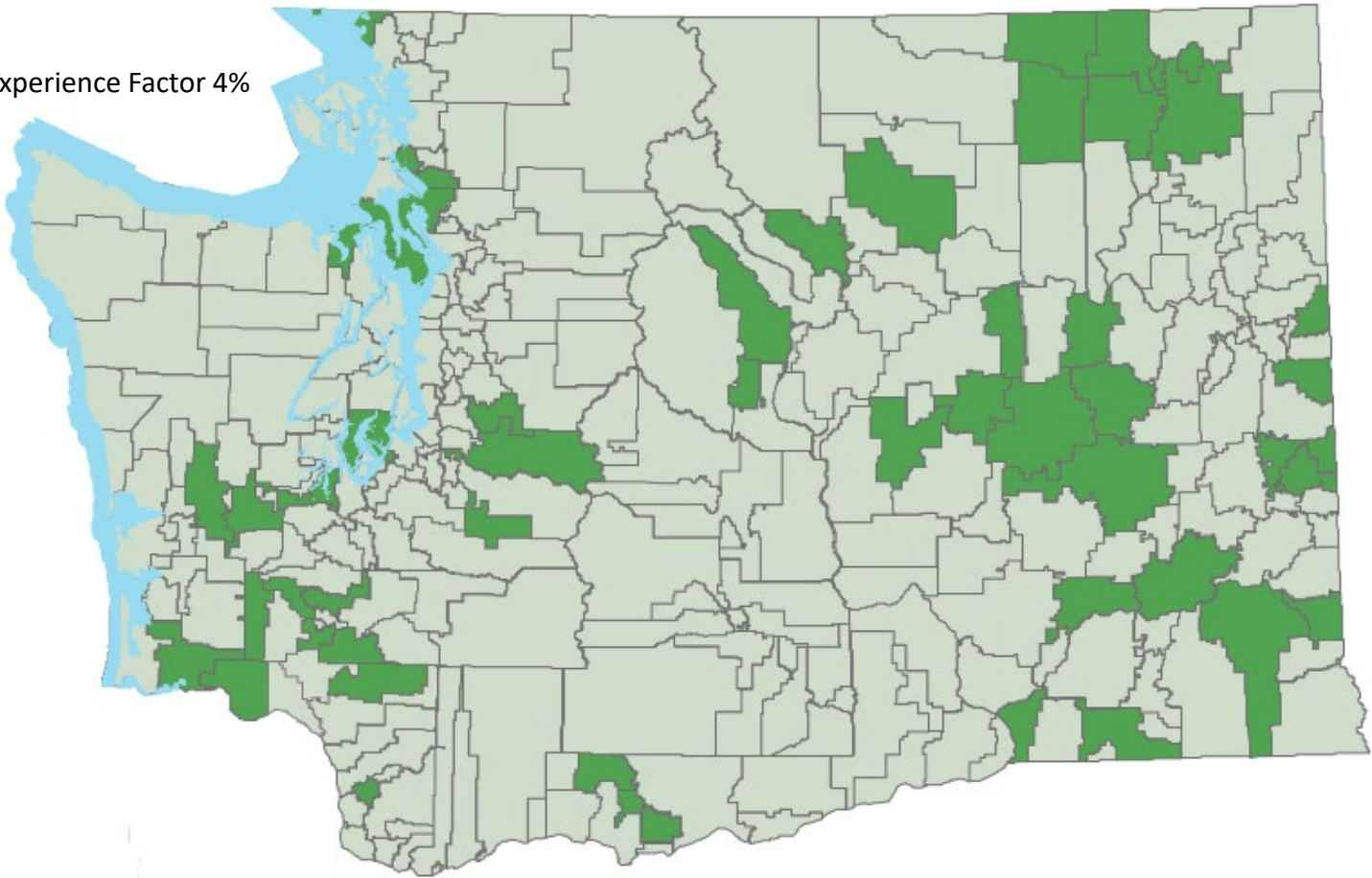




CIS Experience Factor for districts with above average experience and education.

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Experience Factor 4%





School Employees Benefits Board (SEBB) and Employee Benefits

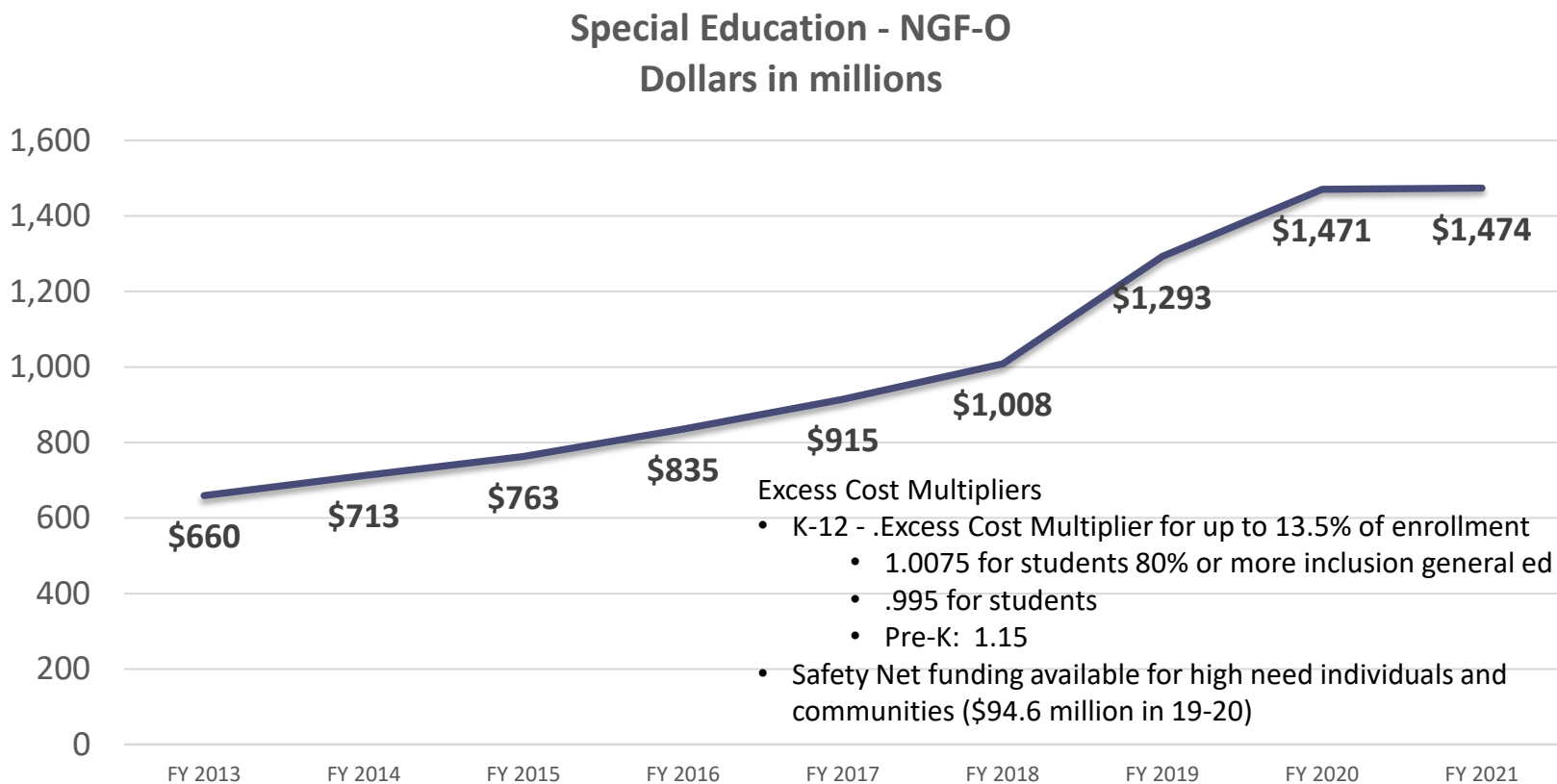
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- ▶ SEBB provides health benefits to school staff statewide, in place since January 1, 2020.
- ▶ Funding Rate \$1,000 per FTE per month.
- ▶ Allocations multiplied by Benefit Allocation Factor to reflect part-time eligibility (1.02 CIS, 1.43 CLS)
- ▶ SEBB in 20-21:
 - Estimated \$1.33 billion of the K-12 budget.
 - About 10% of the state K-12 budget.
- ▶ State funded staff also generate allocations for employer contributions to pensions, Medicare and Social Security.



Special Education is funded through an excess cost multiplier applied to the basic education rate, serving about 156,000 ages 3 to 21 in 2019-20.

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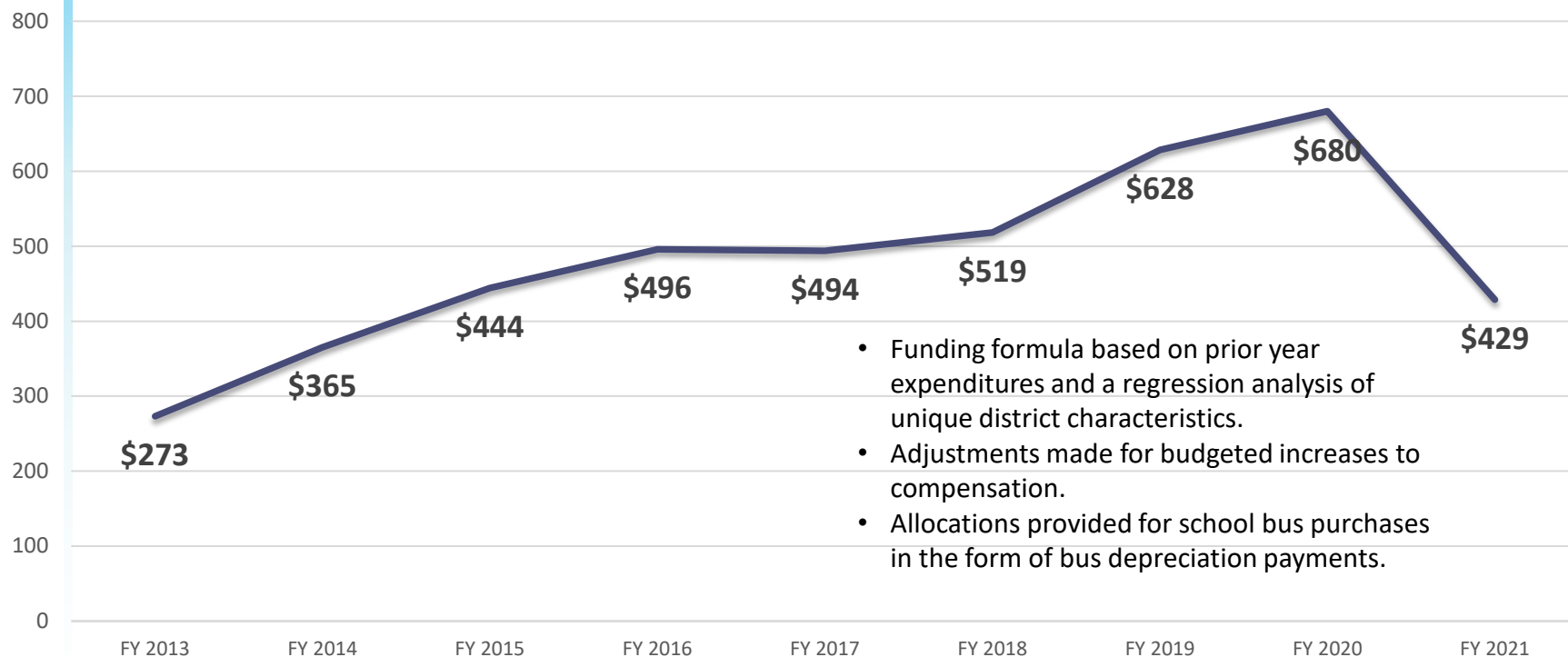
FY13 to FY20 amounts from Agency Financial Reporting System (AFRS) as compiled by LEAP. Amounts in FY21 include estimated comp adjustments in the program and the preliminary Maintenance Level changes in the Governor's budget.



Student Transportation is provided to and from school and is funded through an expected cost formula based on district characteristics.

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Transportation - NGF-O by Fiscal Year
Dollars in millions



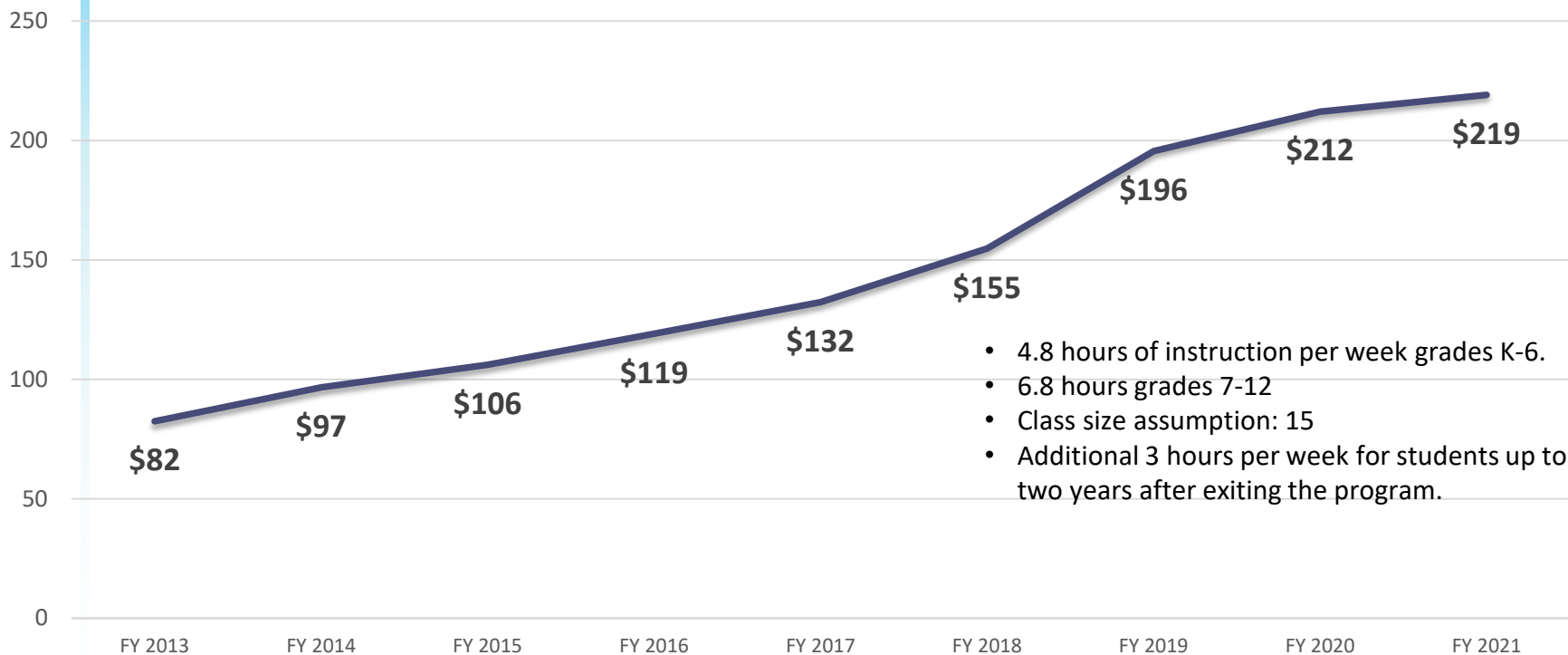
FY13 to FY20 amounts from Agency Financial Reporting System (AFRS) as compiled by LEAP. Amounts in FY21 include estimated comp adjustments in the program and the preliminary Maintenance Level changes in the Governor's budget.



Transitional Bilingual Instruction Program provides additional hours of instruction for 156,000 students whose primary language is not English.

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Transitional Bilingual Instructional Program- NGF-O by Fiscal Year
Dollars in millions



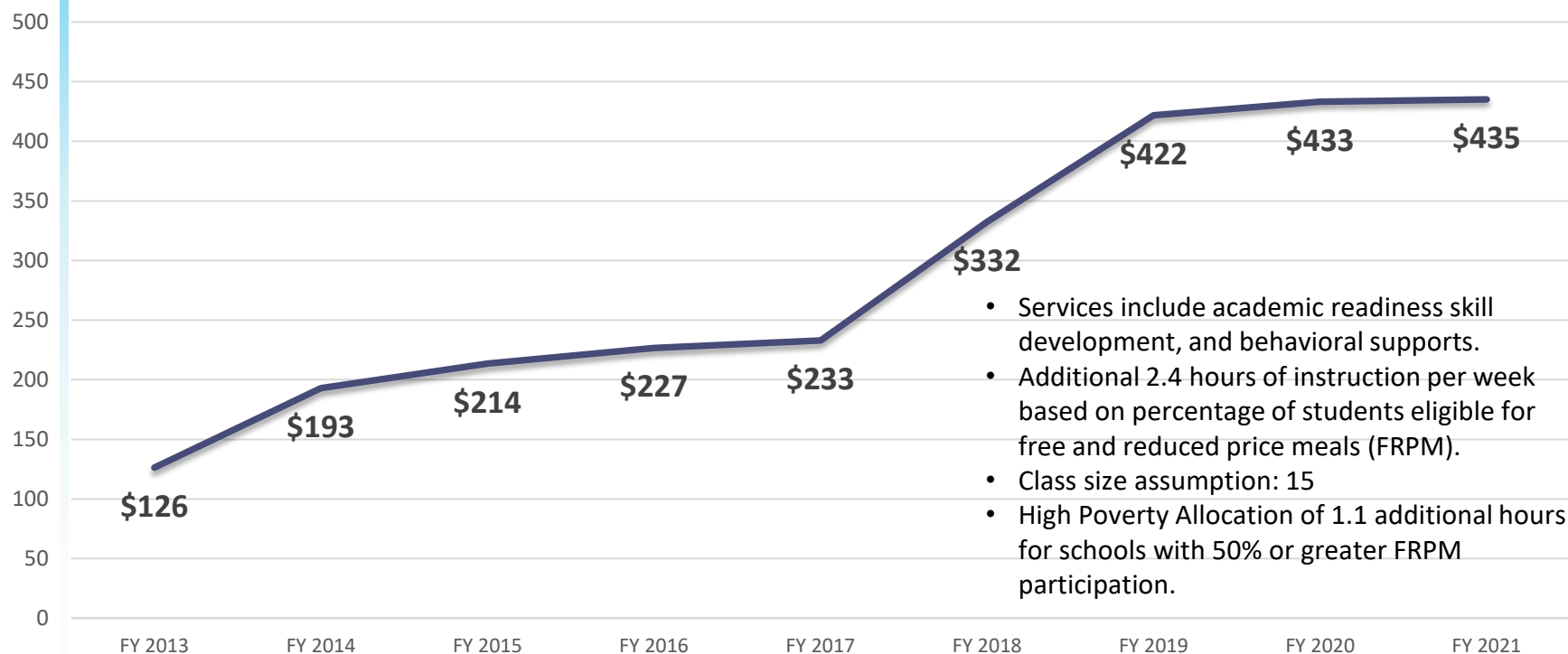
FY13 to FY20 amounts from Agency Financial Reporting System (AFRS) as compiled by LEAP. Amounts in FY21 include estimated comp adjustments in the program and the preliminary Maintenance Level changes in the Governor's budget.



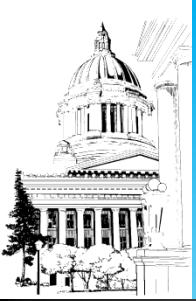
The Learning Assistance Program provides additional hours of instruction for students who score below grade level standard on assessments.

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Learning Assistance Program - NGF-O by Fiscal Year
Dollars in millions



FY13 to FY20 amounts from Agency Financial Reporting System (AFRS) as compiled by LEAP. Amounts in FY21 include estimated comp adjustments in the program and the preliminary Maintenance Level changes in the Governor's budget.



Highly Capable

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- ▶ The purpose of the Highly Capable Program is to provide access to accelerated learning and enhanced instruction.
 - Districts are directed to identify their most highly capable students through the use of multiple, objective criteria.
 - Highly capable may include a range of definitions, such as intellectual, academic, and artistic.
- ▶ Funding is provided for an additional 2.159 hours of instruction per week, assuming a class size of 15 students, based on 5 % of each school district's students.



Federal funding for K-12 provides additional support for many of the categorical programs.

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- ▶ Federal IDEA, Part B provides additional support in the Special Education Program
 - 499.4 million in the 2019-21 biennium
- ▶ Title I funding provides additional support in the Learning Assistance Program
 - \$533.5 million in the 2019-21 biennium
- ▶ Title I, Part C provides additional supports for English language learners in the Transitional Bilingual Instruction Program
 - \$102.2 million in the 2019-21 biennium
- ▶ Funding is also provided to support child nutrition through the National School Lunch & Breakfast Program
 - \$537.2 million in the 2019-21 biennium



Statewide Programs and Grants

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▶ Statewide Offices

- Office of the Superintendent of Public Instruction (OSPI)
- Professional Educator Standards Board (PESB)
- State Board of Education (SBE)

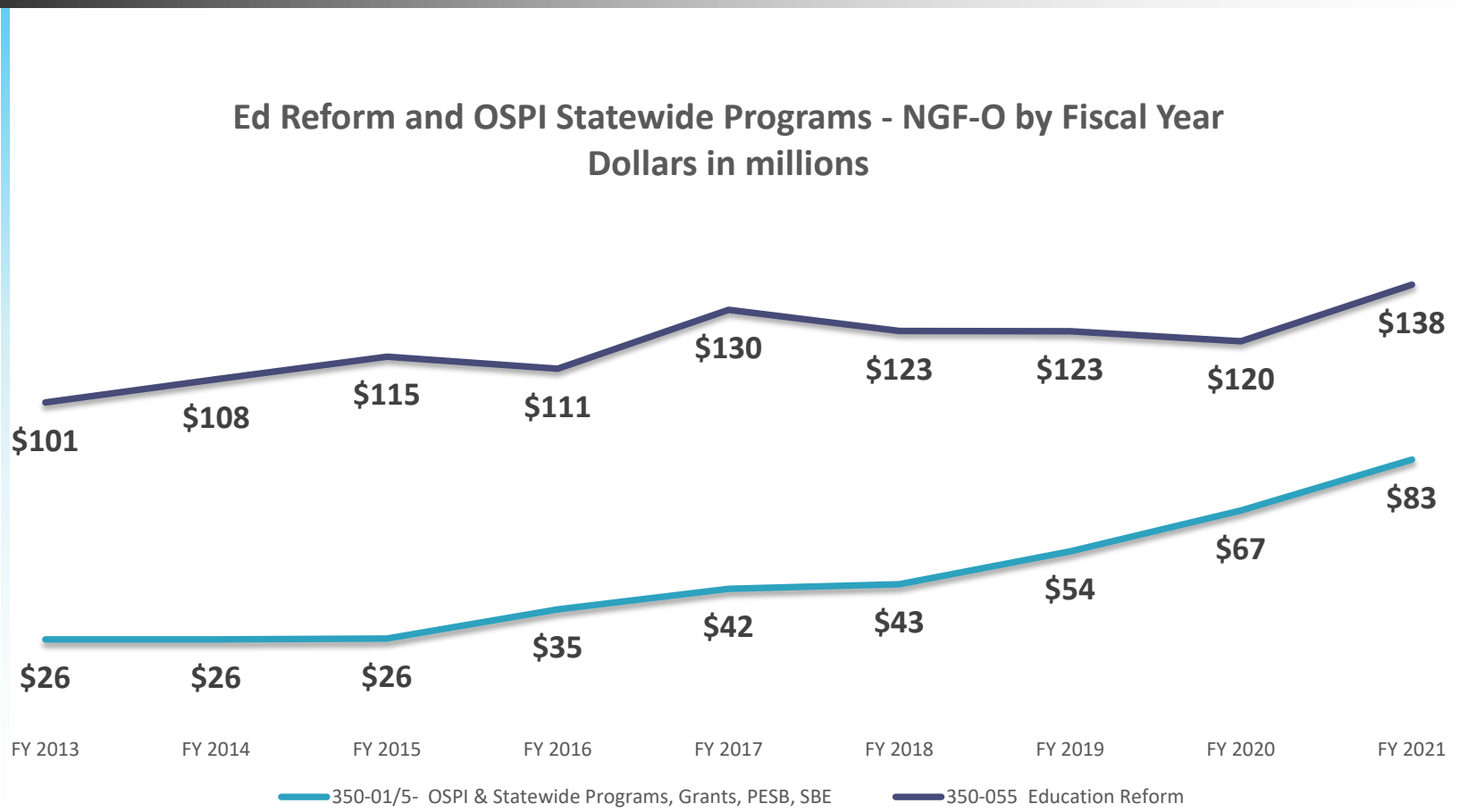
▶ Grants

- Curriculum and Instruction
- Student Health and Safety
- Career and Technical Education (CTE)
- Dropout Prevention, Achievement Gap Reduction
- Teacher Recruitment and Retention



Statewide Programs and Education Reform

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FY13 to FY20 amounts from Agency Financial Reporting System (AFRS) as compiled by LEAP. Amounts in FY21 include estimated comp adjustments in the program and the preliminary Maintenance Level changes in the Governor’s budget.



Early Learning and K-12

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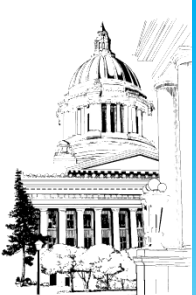
- ▶ Early Support for Infants and Toddlers (ESIT)
 - Statewide system of early intervention services for infants and toddlers (birth through age two) with disabilities and their families
 - Services may be provided in their homes or in child care settings
 - Funding for the program was transferred from OSPI to the Department of Children, Youth, and Families beginning September 2020
- ▶ Developmental Preschool
 - Special education services for children ages 3-5 with Individualized Education Programs (IEPs) through their school districts
 - Services often provided in preschool or early childhood program settings, and in collaboration with the school district
- ▶ Transitional Kindergarten (TK)
 - A kindergarten program for children not yet age 5 who do not have access to high-quality early learning prior to kindergarten and have been deemed in need of additional preparation before entering kindergarten
 - Transitional kindergarten students generate basic education funding
 - SY 2019-20: 22 districts, 51 schools, and 795 students enrolled in TK



Institutional Education (IE)

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- ▶ Residential facilities and detention centers receive Institutional Education funding.
- ▶ Funding formula is referenced in the operating budget.
- ▶ Enrollment has declined in past several years.
- ▶ Allocations are distributed to school districts and Educational Service Districts to hire staff and develop and deliver a program of education in institutions.



Local Enrichment Levies and Local Effort Assistance are funding sources outside of basic education.

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Enrichment Levies

The maximum levy authority for a district is the lesser of \$2.50 per \$1,000 of assessed property value (AV) or \$2,500 per pupil, increased by inflation (\$2,563 in 2020).

- Districts with more than 40,000 students (Seattle), can levy up to \$3,000 per pupil, increased for inflation.
- Allowable uses of enrichment funds defined in statute.
- Prior to 2019, levies were limited by a levy lid, defined as a percentage of state, federal and other funds (the levy base).

Local Effort Assistance (LEA)

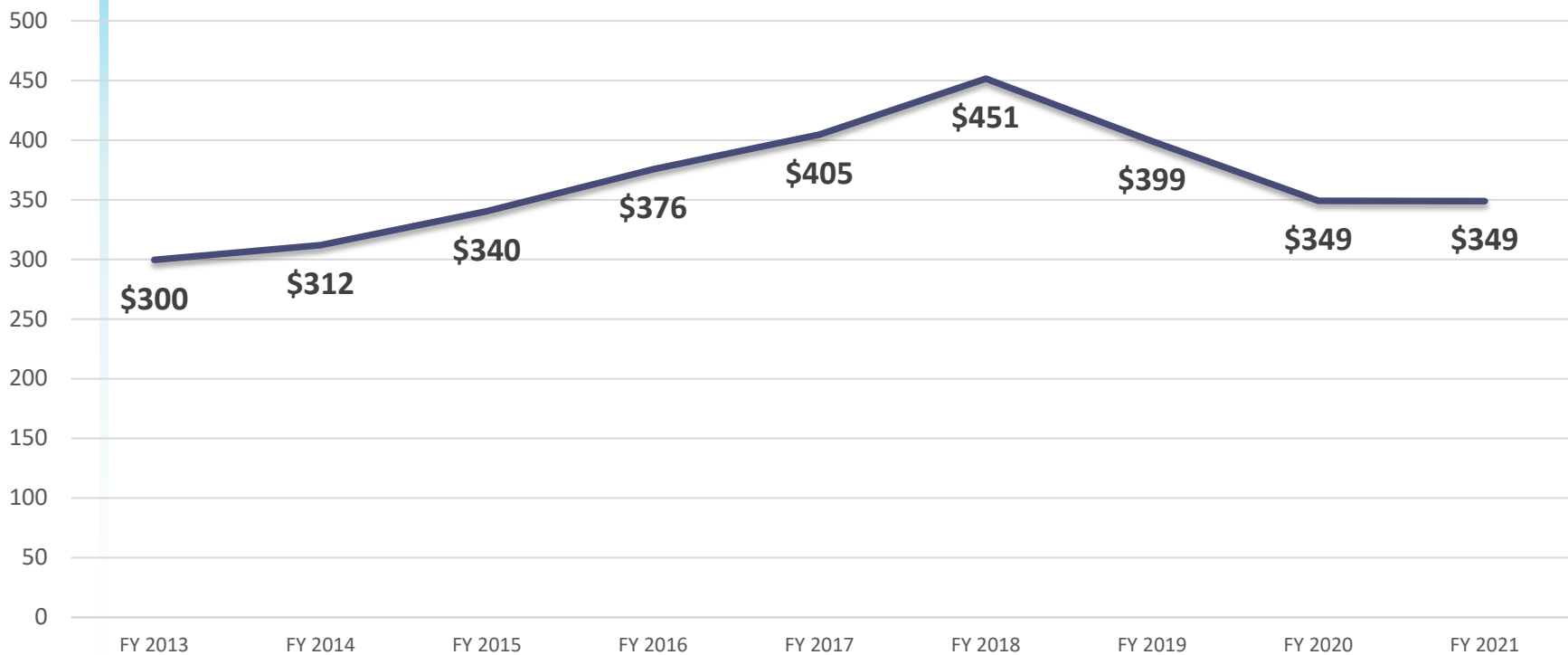
- ▶ LEA is state enrichment funding to districts.
- ▶ Qualifying districts receive up to \$1,550 per pupil, increased for inflation, in combined levy and LEA (with inflation \$1,589 in 2020).
- ▶ A district qualifies if its levy collections under an assumed rate of \$1.50 per \$1,000 of AV are less than \$1,550 per pupil.



Local Effort Assistance is state enrichment funding to districts with lower property values.

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Local Effort Assistance - NGF-O by Fiscal Year
Dollars in millions





State and local levy funding combined increased annually from 2012-13 to 2019-20.

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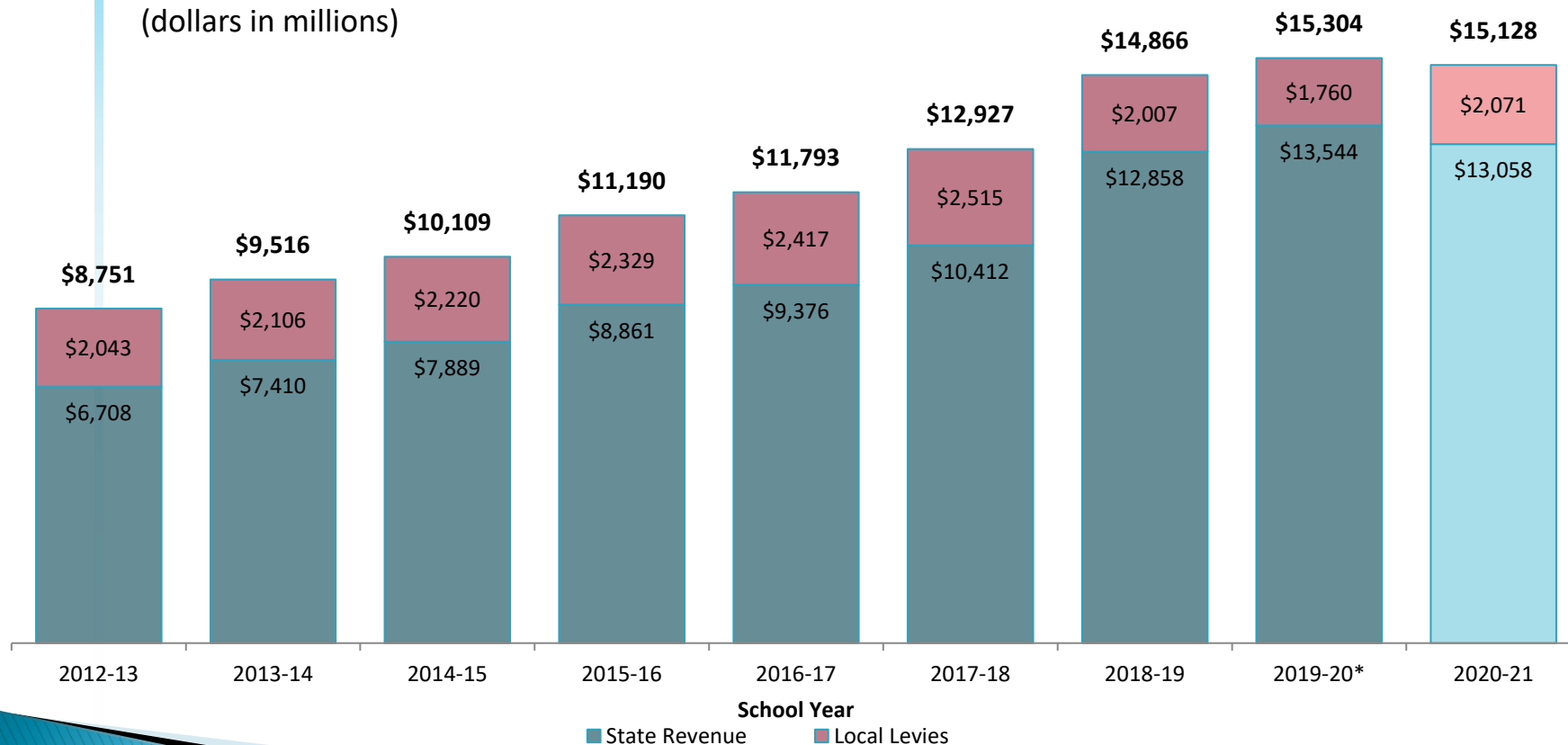
State Funding and Local Levies by School Year

Local: Actuals to 19-20 SY and 2021 Estimated Collections

State: NGF-O + Dedicated McCleary State Revenue in FY19

Budgeted Allocations in 20-21 based on Gov Maintenance Level

(dollars in millions)





COVID-19 led to school closures and widespread remote learning adoption.

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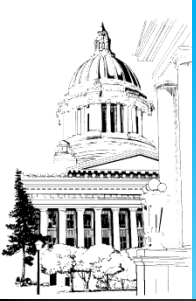
- ▶ March 2020 - Public and private schools closed to in-person instruction. Closure extended through end of 2019-20 school year.
- ▶ Waivers provided to required instructional hours (1,027 hrs.) and school days (180 days) in 2019-20.
- ▶ Districts adopted continuous learning models for remote instruction.
- ▶ For rest of 2019-20, state and local revenues largely continued.
- ▶ 20-21 school year began with 94% of students on remote learning schedules. Districts continue to reassess reopening status.
- ▶ Younger students and students with special needs tend to be prioritized for in-person instruction for districts in hybrid models.
- ▶ School Reopening Dashboard:
- ▶ <https://www.k12.wa.us/about-ospi/press-releases/novel-coronavirus-covid-19-guidance-resources/school-reopening-data>



Washington will receive over \$1 Billion in federal K-12 funding for COVID response.

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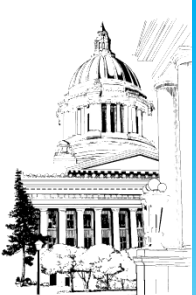
- ▶ Elementary and Secondary School Emergency Relief Fund (ESSER)
 - Districts receive at least 90% of funding, remainder available to OSPI for response priorities.
 - 2 Rounds of ESSER Funding.
 - \$217m 1st round – Available to districts
 - \$824m 2nd Round – New round of funding
 - Distributed according to Elementary and Secondary Education Act, Title I Part A methodology (largely based on poverty levels).
 - Allowable uses are broad, and include COVID response, technology, cleaning, training, facility and HVAC improvements, and learning loss, among others.
- ▶ Coronavirus Relief Fund - \$24 million for learning devices from CARES Act.
- ▶ Governor's Fund - \$46 million set aside for non-public K-12 schools.



Districts have claimed nearly \$110 million of ESSER funds through December.

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- ▶ ESSER funds made available beginning in July.
- ▶ Connectivity, Remote Learning Technology and Training.
- ▶ Health Supplies, Cleaning and Sanitation Costs (PPE).
- ▶ Additional compensation.
- ▶ Some childcare services for critical workers.
- ▶ Lost Revenue:
 - School Food Revenue
 - Childcare
 - Enrollment Losses



COVID Impacts:

Lower enrollments in the 2020-21 school year

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- ▶ Enrollment drops result in reductions to funding levels.
- ▶ December 2020 K-12 enrollment down 3.8% from December 2019 enrollments.
- ▶ Kindergarten enrollments down 14.6%.
- ▶ Special education, Bilingual and other programs also down.
- ▶ Maintenance level estimates include \$506m reduction for enrollment in FY21.
- ▶ Lower enrollments may impact the following year's funding for the Learning Assistance Program, enrichment levies and Local Effort Assistance.



COVID Impacts: Transportation and Cost Reductions

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- ▶ Pupil Transportation
 - Transportation formula based on ridership. Closures result in reduced funding levels for transportation.
 - Maintenance level estimate includes \$220 million drop in FY21.
 - Governor's order allows current transportation funding to be used for additional uses beyond "to and from school," including delivery of meals and instructional materials
- ▶ Cost Reductions Due to Closures
 - Staff Reductions
 - Utilities and facility costs
 - Travel and training
 - Some districts slowed expenditures at onset of pandemic